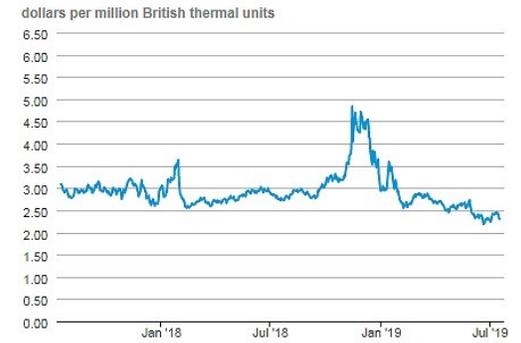


GENERAL UPDATE

- Financial gas markets trended downward week over week. The August 2019 NYMEX Henry Hub forward contract decreased $-\$0.14$ (-5.7%) from the previous Wednesday, reaching $\$2.304$ /MMBtu. The price of the 12-month strip averaging August 2019 through July 2020 futures contracts decreased, falling $-\$0.11$ (-4.4%) to $\$2.463$ /MMBtu.
- Northeast natural gas price movement was mixed in demand markets. Boston's Algonquin Citygate prices decreased $-\$0.09$ (-3.7%) to $\$2.35$ /MMBtu last Wednesday. Transco Zone 6 NYC prices rose slightly, increasing $\$0.03$ (1.3%) from $\$2.38$ /MMBtu to $\$2.41$ /MMBtu.
- Pennsylvania's Dominion South decreased $-\$0.06$ (-2.7%) to $\$2.14$ /MMBtu. Tennessee Zone 4 Marcellus spot prices decreased $-\$0.11$ (-5.0%) to $\$2.10$ /MMBtu.
- California prices were mixed. SoCal Citygate prices increased $\$0.16$ (6.3%) to $\$2.69$ /MMBtu last Wednesday. Prices at Northern California PG&E Citygate decreased, falling $\$0.23$ (-7.9%) to $\$2.69$ /MMBtu.

Near-month natural gas futures prices (Nymex)



Source: CME Group as compiled by Bloomberg, L.P.

POWER

- For the NEMASS BOST zone in ISO-NE, the 12-Month ATC strip decreased $-\$0.68$ (-1.7%) to $\$38.75$. The 24-Month ATC strip decreased $-\$0.57$ (-1.4%) to $\$39.27$ and the Cal '20 ATC strip decreased $-\$0.54$ (-1.3%) to $\$39.53$.
- For the NYC (J) zone in NYISO, the 12-Month ATC strip decreased $-\$0.57$ (-1.6%) to $\$35.64$. The 24-Month ATC strip increased $\$1.99$ (5.8%) to $\$36.32$ and the Cal '20 ATC strip increased $\$2.07$ (6.0%) to $\$36.41$.
- For the PEPCO zone in PJM, the 12-Month ATC strip increased $\$0.06$ (0.2%) to $\$31.96$. The 24-Month ATC strip decreased $-\$0.04$ (-0.1%) to $\$31.42$ and the Cal '20 ATC strip decreased $-\$0.15$ (-0.5%) to $\$31.28$.
- For the HOUSTON zone in ERCOT, the 12-Month ATC strip decreased $-\$2.08$ (-6.3%) to $\$30.85$. The 24-Month ATC strip decreased $-\$1.37$ (-4.2%) to $\$31.14$ and the Cal '20 ATC strip decreased $-\$0.91$ (-2.8%) to $\$32.12$.

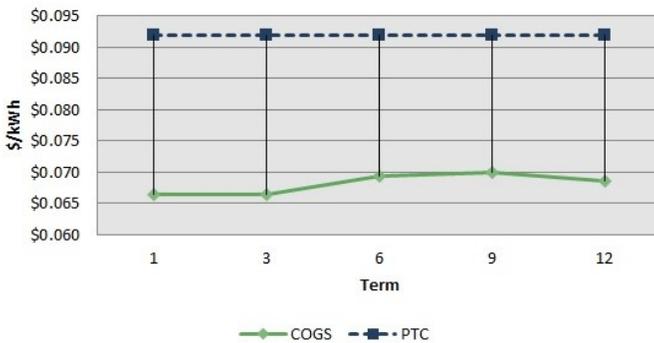
UTILITY HIGHLIGHT

PJM

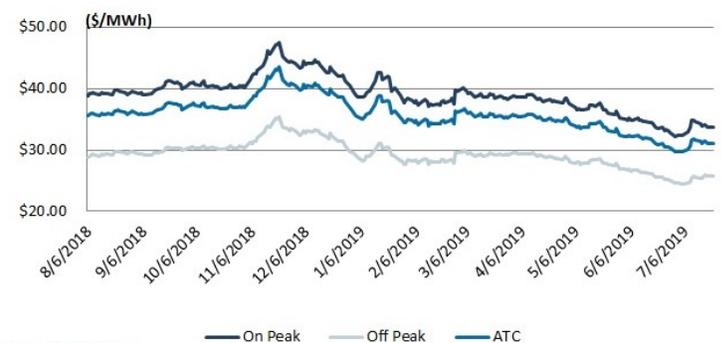
> MD

> POTED

POTED - GSCS



APS - 12 MONTH STRIP PRICING

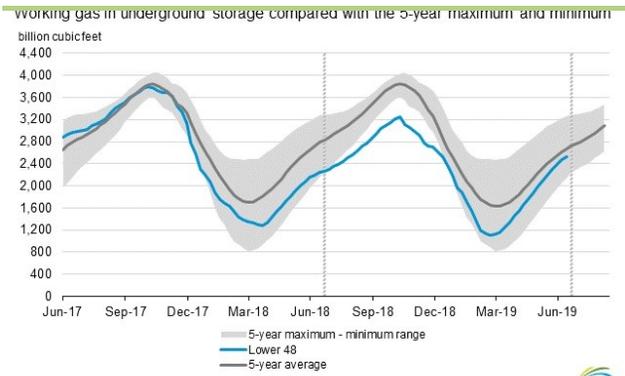


- The upcoming Price to Compare for Maryland's Potomac Edison General Service Small Commercial Type I 0-700 kWh and >700 kWh calculated blend rate class (GSCS) is approximately $\$0.091896$ /kWh, in effect for the month of August 2019. This new rate is a 2.6% increase from the previous rate of $\$0.089574$ /kWh for the July 2019 price period.

- Headroom is now available for the 1, 3, 6, 9 and 12 month terms, with $\$0.02734$ /kWh and $\$0.02858$ /kWh of likely headroom for the 9 and 12 month terms, respectively.
- Over the last week, the APS ATC 12-month strip decreased slightly, falling -0.9% to finish at $\$31.12$ /MWh yesterday. This time last year, the strip was trading at $\$34.73$ /MWh, which is approximately 11.6% higher than this year.

NATURAL GAS

- For the week ending July 12, the EIA reported net injections from storage of 62 Bcf, which is higher than last year’s net injections of 46 Bcf for this week and lower than the 5-year (2014–18) average net injections of 63 Bcf.
- Working natural gas in storage totaled 2,533 Bcf, which is 291 Bcf (13.0%) more than last year’s working gas totals of 2,242 Bcf at the same time and 143 Bcf (-5.3%) lower than the 5-year (2014-2018) average of 2,676 Bcf. Total working gas is within the five-year historical range.



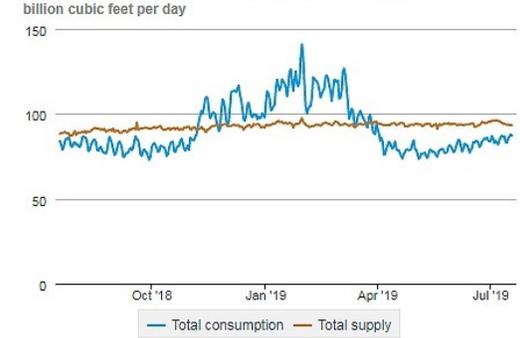
Source: U.S. Energy Information Administration



SUPPLY & DEMAND

- Average total supply of natural gas decreased 2% week/week. Dry natural gas production decreased 2% with a portion of production in the Gulf of Mexico shut-in due to Hurricane Barry, while net imports with Canada remained the same.
- Total US consumption of natural gas increased 2%. Consumption for power generation was up 6% week/week, industrial sector consumption decreased 4%, residential-commercial consumption increased 3%, and exports to Mexico increased 3%.
- US LNG exports decreased week/week, with nine vessels departing US ports for a combined 32.9 Bcf.

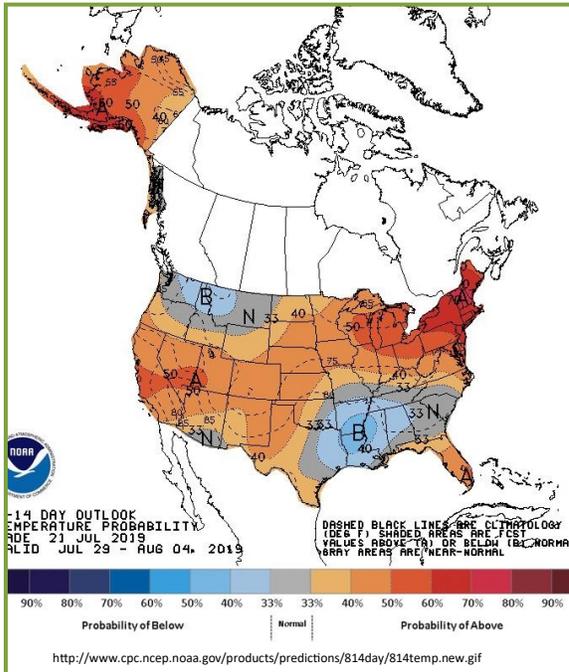
Total supply/demand balance (last 365 days)



Source: OPIIS PointLogic Energy, an IHS Company

MARKET INTELLIGENCE

- The EIA projects average summer 2019 natural gas prices to be the lowest they have been since 1998. Its Short-Term Energy Outlook predicts the average Henry Hub price during June, July and August 2019 to be \$2.37/million British thermal units (MMBtu), \$0.55/MMBtu lower than the average price during the summer of 2018. Mild weather to begin the summer depressed natural gas-fired generation and allowed net injections and storage inventories to increase, driving natural gas prices down. However, a warmer than projected finish to the summer could increase electricity consumption, natural gas-fired generation, and natural gas prices.
- New York completed contracts for approximately 1,700 megawatts of offshore wind, as Governor Andrew Cuomo announced last week. Two projects comprise the procurement: the 816 MW Empire Wind project, estimated to begin operation in December 2024, and the 880 MW Sunrise wind project, which will begin operation in May 2024. The projects will generate Offshore Wind Renewable Energy Certificates (OREC) through contracts with the New York State Energy and Research and Development Authority (NYSERDA).



WEATHER

- Our glimpse into late July and early August shows heat for a significant portion of the northeast – New England, New York, and the Mid-Atlantic are expected to see above normal temperatures which are likely to drive up energy demand. Precipitation joins heat risks in most of the interior eastern US with coastal regions remaining more on the neutral side for rain risk.
- Looking down into Texas, the coastal half of the state is slated to see a mixture of cooler temps (in the eastern half) and warmer temps further south. Rain risk in these regions will work to keep peak energy demand at bay. In western portions of the state, both drier and warmer conditions.

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